

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1156 - HB 1516**

March 17, 2023

**SUMMARY OF BILL:** Requires the State Fire Marshal's Office (SFMO) to create a state fire permit that mobile food units may obtain annually if the mobile food unit meets a list of specific standards that demonstrate fire safety and electrical code compliance. Authorizes the SFMO to charge a fee for each permit issued that cannot exceed the cost of inspecting the mobile food unit and issuing the permit. Authorizes the SFMO to inspect a food truck twice per calendar year to ensure compliance with the standards necessary to obtain a permit. Requires the SFMO to provide written notice of any violations the mobile food unit has in regard to fire and electrical code safety and authorizes additional fees to be charged for each additional inspection conducted to ensure a violation has been corrected. Sets up an appeal process for mobile food units to revoke or modify orders of violations issued by the SFMO under the Commissioner of the Department of Commerce and Insurance (DCI). Authorizes a mobile food unit aggrieved by an order made by the Commissioner of DCI to file a petition within five days of the aggrievement through the court system starting with the court in which the mobile food unit is located.

Requires a local government to recognize the state fire permit in its jurisdiction and to not require the mobile food unit to also hold a local fire permit or pass a local fire inspection. Clarifies that this act does not prevent a local government from requiring a mobile food unit that does not hold a state fire permit to submit to local fire inspections and to obtain local fire permits, or from requiring a mobile food unit to obtain a state fire permit.

**FISCAL IMPACT:**

**Increase State Revenue – Exceeds \$75,000/FY23-24 and Subsequent Years**

**Increase State Expenditures – \$295,900/FY23-24  
\$261,400/FY24-25 and Subsequent Years**

**Decrease Local Revenue – Exceeds \$30,200/FY23-24 and Subsequent Years**

**Assumptions:**

- Currently local jurisdictions manage fire safety and electrical code compliance permits.
- The precise fee amount and number of mobile food units in each local jurisdiction is unknown; however, the Nashville Fire Department requires a \$151 fee for mobile food

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units. The number of mobile food units subject to such similar fees in other local jurisdictions is unknown.

- Based on information provided by the Department of Commerce and Insurance (DCI) the SFMO will charge a \$250 fee for inspection and permit.
- It is unknown how many mobile food units will opt into the state permit rather than obtaining a local permit; however, it is reasonably assumed that a portion of mobile food units operating within one county will continue to obtain local permits at a lower price point.
- The SFMO will require one Fire and Building Code Inspector 2 position in each of the state's three grand divisions to annually inspect at least 300 mobile food units.
- Each position will require one vehicle to travel to the jurisdiction the mobile unit is located, computer equipment, administrative costs and supply costs.
- The one-time increase in state expenditures associated with the positions is estimated to be \$34,500 (\$11,500 computer and supply costs x 3 positions).
- The recurring increase in state expenditures associated with the positions is estimated to be \$261,447 [(\$53,100 salary + \$16,149 benefits + \$5,000 administrative costs + \$2,000 communications + \$2,000 supplies + \$8,900 vehicle) x 3 positions].
- A total increase in state expenditures of \$295,947 (\$34,500 one-time cost + \$261,447 positions cost) in FY23-24 and \$261,447 in FY24-25 and subsequent years.
- A recurring increase in state revenue exceeding \$75,000 (\$250 fee x 300 mobile units) in FY23-24 and subsequent years.
- At least 200 mobile food units will no longer seek a local fire permit resulting in a decrease in local revenue exceeding \$30,200 (200 x \$151) in FY23-24 and subsequent years.
- Any decrease in local government expenditures related to inspections is estimated to be not significant.

## **IMPACT TO COMMERCE:**

**Other Fiscal Impact –The precise net impact on business expenditures cannot be reasonably determined.**

Assumptions:

- Mobile food units opting into the state permit will pay a higher permit fee than receiving a single local permit resulting in an increase in business expenditures.
- Other mobile food units may be required to hold multiple local permits for operating in more than one location and it may therefore be cost effective to hold a single state permit; further, it is unknown how holding a state permit may impact insurance rates for mobile food units operating in locations that don't currently require a separate fire permit.
- The net impact on overall business expenditures cannot be reasonably determined.
- No significant impact on jobs in Tennessee.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

/lm